

BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER  
Chairman  
WILLIAM A. MUNDELL  
Commissioner  
MARC SPITZER  
Commissioner  
MIKE GLEASON  
Commissioner  
KRISTIN K. MAYES  
Commissioner

AVIS READ; individually, and on Behalf of All )  
Others Similarly Situated, )  
Complainants, )  
v. )  
ARIZONA PUBLIC SERVICE COMPANY, )  
Respondent. )  
\_\_\_\_\_ )

DOCKET NO. E-01345A-04-0657

IN THE MATTER OF THE APPLICATION OF )  
ARIZONA PUBLIC SERVICE COMPANY FOR )  
A DECLARATORY ORDER REGARDING BILL )  
ESTIMATION PROCEDURES )  
\_\_\_\_\_ )

DOCKET NO. E-01345A-03-0775

DIRECT

TESTIMONY

OF

JOEL F. JEANSON

PRINCIPAL

BARRINGTON-WELLESLEY GROUP, INC.

JANUARY 24, 2005

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## INTRODUCTION

**Q. Please state your name, occupation, and business address.**

A. My name is Joel F. Jeanson. I am a principal with the Barrington-Wellesley Group, Inc. BWG is a general management consulting firm which performs a significant portion of its work in the electricity, gas, and telephone industries. My business address is 2137 South Clubhouse Drive, New Berlin, Wisconsin 53151.

**Q. Please describe your educational background and professional experience.**

A. I have over twenty-five years of experience in utility finance and accounting, financial and operational auditing, internal control review and assessment, corporate performance, capital and O&M budgeting and management reporting. This experience includes auditing customer billing processes, including the impact of estimated meter readings, reviewing and recalculating customers' bills, revenue forecasting, revenue accounting, and reviewing bill estimating algorithms.

I am a member of the American Institute of CPAs, the Wisconsin Institute of CPAs, and the Institute of Management Accountants. I am a past president of the Indianapolis Chapter of the Institute of Internal Auditors. During my business career, I have directed the accounting, budgeting, corporate performance and auditing departments at a major investor owned LDC headquartered in Indiana. I began my professional career with Arthur Andersen & Co.

I received a Bachelor of Science degree in Accounting, with distinction, from Indiana University and have continued my studies with course work at the Indiana University Graduate School of Business. I am also a graduate of the Wabash Executive Program.

My complete resume is included as Schedule JFJ-1.

1     **Q.     Did you participate in the preparation of the December 28, 2004 Staff Report?**

2     A.     Yes.

3

4     **Q.     Are you sponsoring the December 28, 2004 Staff Report?**

5     A.     Yes, I am.

6

7     **Q.     Does this conclude your direct testimony?**

8     A.     Yes, it does.

9

# EXHIBIT 1

**JOEL F. JEANSON, CPA**

**Principal**

**BARRINGTON-WELLESLEY GROUP**

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***Summary of Qualifications***

Mr. Jeanson, CPA, has extensive experience in utility finance and accounting, financial and operational auditing, internal control review and assessment, corporate performance, capital and O&M budgeting and management reporting. This experience includes auditing customer billing processes, including the impact of estimated meter readings, reviewing and recalculating customers' bills, revenue forecasting, revenue accounting, and reviewing bill estimating algorithms.

Mr. Jeanson is a member of the American Institute of CPAs, the Indiana CPA Society, and the Institute of Management Accountants and is a past president of the Indianapolis Chapter of the Institute of Internal Auditors. During his business career, Mr. Jeanson has directed the accounting, budgeting, corporate performance and auditing departments at a major investor owned LDC headquartered in Indiana. He began his career with a Big Five public accounting firm.

Mr. Jeanson received a Bachelor of Science degree in Accounting, with distinction, from Indiana University. He has continued his studies with course work at the Indiana University Graduate School of Business and is also a graduate of the Wabash Executive Program.

***Auditing and Consulting Experience***

- Lead consultant for the analysis of variances by FERC account for the four utility operating company subsidiaries of a major Midwestern utility holding company in connection with the Companies' applications for authority to increase utility rates. Variances are attributable to operating efficiencies and other synergies from a recent merger, changes in allocation methodologies, and accounting inconsistencies. (2004)
- Lead consultant for the review of budgeting and accounting issues associated with the focused management audit of Kentucky Utility's and Louisville Gas & Electric's earnings sharing mechanism for the Kentucky Public Service Commission. (2003)
- Lead Consultant for the program evaluation of SBX1 5 energy efficiency and low-income assistance funds performed for the CPUC. Reviewed and tested SDG&E and Southern California Gas' program costs, administration and compliance with CPUC and Legislative requirements. (2003)
- Lead Consultant for the review of financial, human resources, information technology, and customer service functions in connection with the comprehensive management study of a large municipal water and wastewater utility (2003)
- Lead Consultant for the audit of Atlantic City Electric's (ACE) restructuring-related Deferred Balances performed for New Jersey Board of Public Utilities (NJ BPU). Developed the regulatory framework for the audit and assessed ACE's compliance with NJ BPU Orders and guidelines. (2002)

- Lead Consultant for BWG's audit of the Los Angeles Department of Water & Power (LADWP) performed for the City of Los Angeles. Assessed LADWP's financial management and control environment and assisted with the review of workforce planning policies and procedures. (2002)

### *Utility Industry Experience*

- Directed the accounting department with responsibility for financial (SEC, GAAP and regulatory) and management reporting, budgeting, financial controls, and financial information systems.
- Directed the corporate business planning and budgeting process. Integrated the strategic and operational planning processes so that departmental plans, capital and O&M budgets and performance measures would be focused on both continuous improvement and the accomplishment of corporate objectives – which included both financial and non-financial measures.
- Directed the capital budgeting process, including the capital variance reporting process.
- Developed responsibility reporting process, budgets (capital and O&M), and management reports for Vectren Corporation for first year post-merger that reflected merger-related costs and savings.
- Financial lead in Vectren merger integration efforts for the various financial areas, including identification of staffing levels and cost savings opportunities and making recommendations to provide structure and direction for the company's financial organization.
- Project director for activity-based management initiative focused on internal products and services. ABM used to assess performance against other service providers, measure performance, and improve decision-making.
- Updated and enhanced monthly financial report used to review actual and projected operating results, and set direction as to action required to meet corporate financial objectives.
- Directed team that established capital expenditure guidelines, policies and procedures for new business capital investments. Introduced discounted cash flow modeling to decision-making process.
- Developed quarterly performance measurement reports that included non-financial as well as financial measures that tracked performance over time and across operating regions as well as against external benchmarks.
- Led customer service business process improvement initiative that assessed performance and made recommendations for improvement of all customer service processes including the customer billing process, leading to improved customer service and reduced costs. Facilitated the development of customer service standards.
- Key member of team that completed a study to identify the services, and levels of service, that customers are willing to pay for. This study resulted in significant changes in how the company delivered services to its customers.

- Directed the service technician performance management pilot project to evaluate customer satisfaction and identify cost savings opportunities. This pilot project ultimately led to establishing processes to evaluating operating performance and quality for the entire bargaining unit workforce.
- Directed the internal audit department which included responsibility for testing the accuracy of customer billing as well as operational reviews of field meter reading processes.

### *Work Experience*

- Principal, Barrington-Wellesley Group (2001 - present)
- Director of Accounting, Budgeting and Management Reporting, Vectren (1996 - 2001)
- Director of Corporate Performance, Indiana Gas (1992 - 1996)
- Financial Director of Marketing and Operations, Indiana Gas (1989 - 1992)
- Director of Internal Audit. (1983 - 1989)
- Senior Auditor, Arthur Andersen (1979 - 1983)